

## Message Text

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ORIGIN EB-08

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COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00  
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DRAFTED BY EB/OA/AN:WARILEY:JG  
APPROVED BY EB/OA/AN:RABROWN, ACTING  
EUR/EE:GBOUTIN  
CAB:DSTAIR

-----016300 310455Z /15

R 301941Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BUDAPEST

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E.O. 11652: N/A

TAGS: EAIR, HU

SUBJECT: CIVAIR: SALE OF PAN AM SERVICES

REF: (A) BUDAPEST 1960 (B) STATE 117021

1. RECENT CASE OF MRS. SUSKO (REFTELS) WHILE FALSE  
ALARM IN ONE SENSE, ILLUSTRATES FAILURE OF MALEV TO LIVE  
UP TO INTER-GOVERNMENTAL UNDERSTANDINGS ON SALE OF PAN  
AM SERVICES FOR LOCAL CURRENCY , PAN AM HAS CALLED DEPT.  
ATTENTION TO THIS FAILURE BEFORE; INDEED REFERENCE TO  
THIS LACK OF SALES WAS MADE IN MOST RECENT EXCHANGE OF  
NOTES DATED MAY 24 AND JUNE 9, 1977, WHICH RENEWED THE  
AIR TRANSPORT AGREEMENT.

2. EMBASSY CORRECTLY NOTED IN REF A THAT THE EXCHANGE  
OF NOTES OF MAY 30, 1972 ACCOMPANYING THE US-HUNGARY AIR  
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TRANSPORT AGREEMENT STIPULATED THAT RIGHTS SPECIFIED IN  
PARAGRAPH B OF ARTICLE 13 OF THE AGREEMENT MAY BE  
ENJOYED ONLY TO THE EXTENT AUTHORIZED BY THE OTHER  
CONTRACTING PARTY. THIS EXCHANGE OF NOTES ALSO STIPULATED

THAT AIR SERVICES BY EITHER PARTY WOULD NOT BE  
INAUGURATED WITHOUT FURTHER AGREEMENT BETWEEN THE

PARTIES. THIS PRE-INAUGURATION AGREEMENT WAS SPELLED OUT IN THE EXCHANGE OF NOTES OF MAY 9 AND 16, 1975 IN BUDAPEST PRIOR TO THE OPENING OF PAN AM SERVICES. PARAGRAPH 2 OF THE US NOTE STATES: "SALES OF AIR TRANSPORTATION FOR HUNGARIAN CURRENCY ON THE WORLDWIDE SERVICES OF THE DESIGNATED AIRLINE OF THE UNITED STATES WILL BE MADE BY THE AIRLINE OF HUNGARY ACTING AS THE GENERAL SALES AGENT FOR THE DESIGNATED AIRLINE OF THE UNITED STATES." THIS LANGUAGE WAS PICKED UP IN THE SUBSEQUENT EXCHANGE OF NOTES MAY 24 AND JUNE 22, 1977.

3. FOR THE RECORD, IT IS DEPT'S VIEW THAT THE INTER-GOVERNMENTAL AGREEMENT CITED ABOVE IS CONTROLLING AND NOT THE FACT THAT PAN AM AND MALEV IN THEIR GENERAL SALES AGREEMENT LEFT THIS POINT MUTE (REF A). MALEV HAS IGNORED ITS OBLIGATION UNDER ARTICLE 13 B THUS FAR, PRINCIPALLY BECAUSE IT HAS PROVED IMPOSSIBLE FOR US TO APPLY PRESSURE TO THAT AIRLINE BECAUSE IT DOES NOT HOLD A FOREIGN AIR CARRIER PERMIT FROM CAB OR FLY TO US. HOWEVER, THE OBLIGATION TO SELL PAN AM SERVICES IS CLEAR, THE HUNGARIANS HAVE BEEN REMINDED OF THIS REPEATEDLY IN THE PAST AND, LEST WE FORGET, THIS MAY BE A GOOD OPPORTUNITY TO GET IN SOME PRACTICE AND REMIND THEM AGAIN.

4. ACTION REQUESTED: AS FOLLOW UP, EMBASSY OFFICERS  
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MAY WISH TO REMIND HUNGARIAN OFFICIALS FAMILIAR WITH SUSKO CASE OF MALEV'S OBLIGATIONS UNDER OUR BILATERAL AGREEMENTS AS WELL AS THE FACT THAT WE ARE AWARE THAT MALEV HAS NOT IN THE PAST AND APPARENTLY IS NOT NOW SELLING PAN AM SERVICES FOR LOCAL CURRENCY. THIS MATTER IS OF CONCERN TO THE USG AND WILL BE WEIGHED IN ANY FUTURE CONSIDERATION OF CIVIL AVIATION MATTERS INVOLVING MALEV. FYI: CAB HAS INDICATED THAT ATTORNEY REPRESENTING MALEV HAS RECENTLY INDICATED HE MAY FILE APPLICATION FOR A FOREIGN AIR CARRIER PERMIT SOON. END FYI.

VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, CIVIL AVIATION, TREATY VIOLATION, AVIATION AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D780226-0917  
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**Original Handling Restrictions:** n/a  
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**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** CIVAIR: SALE OF PAN AM SERVICES  
**TAGS:** EAIR, HU, (SUSKO)  
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**Type:** TE  
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